

CITY OF PULLMAN  
Whitman County, Washington  
January 1, 1995 Through December 31, 1995

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Schedule Of Federal Findings

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1. The City Should Improve Its Accounting For Fixed Assets

Our review of the city's fixed assets revealed the following weaknesses:

- a. Asset additions are not consistently issued property control tags.
- b. The physical inventories of the city's fixed assets are incomplete. The resulting property control records are insufficient to verify the existence, location, and condition of property owned by the city.
- c. The city's written policies and procedures for fixed asset record maintenance are not uniformly implemented.

The "Common Rule," for *Uniform Administrative Requirements for Grants and Cooperative Agreements With State and Local Governments*, Subpart C, Section\_.32, Equipment, (4)(d) states in part:

- (1) Property records must be maintained that include . . . a serial number or other identification number . . .
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property . . .

RCW 43.09.200 requires the State Auditor to prescribe uniform accounting systems. The State Auditor prescribes the *Budgeting, Accounting and Reporting System* (BARS) manual which states in Volume 1, Part 3, Chapter 7:

Accountability for fixed assets is required of all local governments, regardless of size. In addition, fixed asset accounting is required for cities and counties of over 8,000 population . . .

The BARS manual further states:

An adequate fixed asset accounting system will enable your government to meet statutory requirements, to produce adequate records and reports, and to safeguard assets properly.

Because these weaknesses exist, the city is unable to:

- a. Fix responsibility for safeguarding fixed assets.
- b. Fix responsibility for custody and proper use of fixed assets.
- c. Properly manage fixed assets.
- d. Ensure compliance with state and federal requirements.

We recommend that the city:

- a. Maintain complete and accurate property control records.
- b. Conduct a complete physical inventory at least once every two years.
- c. Implement policies and procedures for fixed assets record maintenance on a consistent basis.